

THE OFFICE OF REGULATORY STAFF

REBUTTAL TESTIMONY

OF

RICHARD BAUDINO

OCTOBER 24, 2018



DOCKET NOS. 2017-207-E
2017-305-E AND 2017-370-E

Request of the Office of Regulatory Staff for Rate
Relief to South Carolina Electric & Gas Company's
Rates Pursuant to S.C. Code Ann. § 58-27-920

REBUTTAL TESTIMONY OF

RICHARD BAUDINO

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NOS. 2017-207-E; 2017-305-E AND 2017-370-E

IN RE: REQUEST OF THE OFFICE OF REGULATORY STAFF FOR RATE

RELIEF TO SOUTH CAROLINA ELECTRIC & GAS COMPANY'S RATES

PURSUANT TO S.C. CODE ANN. § 58-27-920

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Richard A. Baudino, a Consultant with J. Kennedy and Associates, Inc., an economic consulting firm specializing in utility ratemaking and planning issues. My business address is 570 Colonial Park Drive, Suite 305, Roswell, Georgia.

Q. DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY AND EXHIBITS IN DOCKET NO. 2017-370-E?

A. Yes. I submitted direct testimony and exhibits in Docket No. 2017-370-E which has been consolidated for hearing purposes with Docket No. 2017-305-E. My direct testimony and exhibits filed in Docket No. 2017-370-E addresses many of the issues raised by South Carolina Electric & Gas Company ("SCE&G" or "Company") witnesses Iris Griffin, Robert Hevert, Dr. Glenn Hubbard and Ellen Lapson.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY FILED IN DOCKET NO. 2017-370-E?

1 **A.** The purpose of my testimony is to present my recommendation with respect to the
2 allowed return on equity for SCE&G. My recommended return on equity of 9.1% should
3 be applied to Public Service Commission of South Carolina (“Commission”) approved
4 New Nuclear Development costs to be collected through a new Capital Cost Recovery
5 Rider. In addition, I present recommendations regarding service quality and credit quality
6 conditions that should be attached to the proposed acquisition of SCANA Corporation by
7 Dominion Energy, Inc (“Dominion”). These two sets of conditions are necessary to ensure
8 that (1) South Carolina ratepayers receive the best possible quality of service from SCE&G
9 if the Commission approves the acquisition of its system by Dominion and (2) that
10 SCE&G's credit quality is enhanced as a direct result of the acquisition.

11 **Q. DO YOU HAVE ANY CHANGES TO YOUR DIRECT TESTIMONY PRE-FILED**
12 **IN DOCKET NO. 2017-370-E AFTER REVIEW OF THE DIRECT TESTIMONY**
13 **FILED BY SCE&G IN DOCKET NO. 2017-305-E?**

14 **A.** No. After my review of the direct testimony filed by SCE&G witnesses Griffin,
15 Hevert, Hubbard and Lapson, the conclusions and recommendation remain unchanged as
16 presented in my pre-filed direct testimony in Docket No. 2017-370-E remain unchanged
17 and are also applicable in Docket No. 2017-305-E. I am hereby adopting by reference in
18 Docket No. 2017-305-E the testimony and exhibits which I have previously pre-filed in
19 Docket No. 2017-370-E.

20 **Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT**
21 **BECOMES AVAILABLE?**

22 **A.** Yes. ORS fully reserves the right to revise its recommendation via supplemental
23 testimony should new information become available to ORS not previously provided by

1 the Joint Applicants, from pending state and federal investigations and lawsuits, or if
2 financial market conditions change significantly.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 **A.**Yes, it does.